

Douglas proposes scholarships as part of 'affordability' agenda

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MONTPELIER -- Gov. Jim Douglas proposed a 15-year, \$175 million college scholarship program Thursday to persuade a generation of Vermonters to stake their future in the Green Mountain State.

Douglas unveiled the plan during his fourth State of the State address to the Legislature, top administrators in state government, lobbyists and a few residents who squeezed into the packed galleries of the ornate House chamber.

The Vermont Promise Scholarship Program -- which would provide about \$5,000 each year to 1,000 students who chose to attend Vermont public or private colleges -- was one cornerstone in the Republican governor's "agenda of affordability" for 2006.

"For all the quality of life we enjoy, a lifetime in Vermont is becoming financially out of reach for middle- and low-income residents," Douglas explained. "We need to begin today to remedy the high cost of health insurance, to address surging property taxes and housing costs that are squeezing working Vermonters, to help employers create more good-paying jobs, and to put a college education within reach of every Vermonter."

Few in the chamber could argue with those goals. "We do want people to have a higher standard of living," said Senate President Pro Tempore Peter Welch, D-Windsor. "Now the hard work is what's behind this proposal, and that remains to be seen."

The scholarship proposal drew quick praise in the Statehouse and the schoolhouse.

Senate Education Chairman Don Collins, D-Franklin, promised his committee would begin work next week on legislation that would authorize the scholarship program. "I've made a commitment to make it a priority."

Burlington High School sophomore Ali McHenry cheered the scholarship proposal, which could be in place by the time she's ready to go to college. "That would definitely be an incentive to stay in Vermont," said McHenry, who is thinking of a nursing career. She wasn't put off by the requirement to stay in the state for three years after graduation or face paying back a portion of the scholarship.

Paying for the program may turn out to be the political catch. Douglas proposed using new dollars the state will receive from a legal settlement with tobacco companies. "I think there are going to be a lot of hands trying to get in that cookie jar," said Attorney General William Sorrell, who helped win the tobacco settlement.

In addition to outlining his legislative agenda for 2006, Douglas used his speech to praise the service of the Vermont National Guard and volunteers who responded to the hurricane disaster on the Gulf Coast.

Lawmakers jumped to their feet and clapped long and hard when Douglas gestured to a uniformed delegation of the Vermont National Guard seated in the balcony.

The crowd also gave a standing ovation to Buck Adams, a trucker from Bellows Falls who helped transport to the Gulf Coast some of the 4 million pounds of supplies donated by Vermonters in the fall. They clapped for Erin Reiner of St. Johnsbury, a sixth-grader who made 200 scarves, sold them for \$5 apiece, and donated the \$1,000 profit to the American Red Cross Hurricane Relief Fund.

Legislators gave their loudest and longest ovation to Sen. Jim Jeffords, both when he and his wife entered the chamber and when the governor thanked him for "a lifetime of service." Jeffords came to support the governor's scholarship initiative. Higher education

Douglas wants to take \$3 million from the state's coffers this year to jump-start the scholarship program. In subsequent years -- 2008-2017 -- the program would be funded by new money from the tobacco settlement agreement.

That could be a problem, Senate Appropriations Chairwoman Susan Bartlett said. "One needs to go back to the purpose of the lawsuit," she said. States sued tobacco companies for money they thought they were owed because state-subsidized health programs were paying for health care for people addicted to nicotine and suffering from smoking-related illnesses.

Noting that expenses associated with Medicaid continue to grow faster than revenues, Bartlett said, "I believe a big chunk of this money should be going to cover health care costs."

Under the Douglas proposal, the University of Vermont, the state colleges and the Vermont Student Assistance Corp. would receive \$1 million each for scholarships to reduce tuition for Vermont students by 25 to 50 percent -- up to \$5,000 a year. The money is expected to buy about 300 scholarships a year at UVM, more than 400 in the state college system and about 300 from VSAC.

Students would be asked to remain in Vermont for three years after graduation. If they moved away, they would owe the state half their scholarship money.

UVM President Dan Fogel, who sat with other higher education officials for the speech, praised the program. "It is a proven tool," he said. "It has worked in other states. I think there is no question that it will keep kids here."

Chas Smith, a 16-year-old junior at Burlington High School, said he's just begun thinking about colleges. "UVM is definitely going to be one of the ones I look at," he said. "It would be a big help to have part of it paid."

"My only problem is you do have to stay three years," he said. "There aren't that many interesting jobs."

Douglas wants Vermont to become "the Silicon Valley for environmental industries." He proposes an additional \$3 million higher education investment to encourage research into new technologies and work force development -- to make the state a more attractive place for new businesses.
Property tax

Douglas made several proposals targeting property taxes. The most controversial is likely to be a spending cap on school budgets, which he said are rising at unsustainable rates -- almost 8 percent a year since 1999. If voters wanted to increase their school budgets by more than the cost of living, they would need a 60 percent majority to go along with it.

"As a matter of principle, taxes should not grow faster than your paycheck," Douglas said.

Rep. Renn Niquette, R-Colchester, chairwoman of her local school board, found the idea hard to swallow. "Even though I'm a champion of affordability and fiscal restraint, I don't believe capping the growth at 3.5 percent is reasonable," she said. "There are too many unfunded state and federal mandates, soaring health premiums, double-digit increases in fuel and utility costs, and most importantly, a growing population of special-needs students."

Democratic House Speaker Gaye Symington echoed Niquette's concerns that Douglas' proposal doesn't target the key underlying issues that are making school expenses increase -- health care costs and fuel prices. The cap would force school boards to cut items that most affect students, she said.

Douglas also proposed removing the education property tax on working farms by 2008, an idea that piqued interest on the other side of the political fence. "The Legislature's very open to that," Symington said.